

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 930 - SB 786

March 18, 2019

SUMMARY OF ORIGINAL BILL: Extends indefinitely wholesaler reporting requirements under the Retail Accountability Program (RAP) regarding the following items: food, candy, and nonalcoholic beverages, including bottled soft drinks.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (006070): Deletes and replaces all language after the enacting clause such that substantive changes include: (1) extends, until July 1, 2022, rather than indefinitely, wholesaler reporting requirements under the Retail Accountability Program (RAP) regarding the following items: food, candy, and nonalcoholic beverages, including bottled soft drinks; (2) authorizes such wholesalers to report such sales in the aggregate for each retailer location, in lieu of reporting specific stock keeping units identification number totals for each product; (3) decreases the current fine, from \$1,000 to \$250, for each failure to provide an accurate information report, or for every month the report, or part thereof, is not provided; and (4) decreases the maximum amount of total fines, from \$10,000 to \$2,500, that may be charged a seller for failure to provide an accurate or timely information report.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Under the RAP, pursuant to Tenn. Code Ann. § 67-6-410, the DOR is authorized to require persons making sales to retailers of beer or tobacco products file an information report of such sales.
- In addition, pursuant to Public Chapter 907 of the Public Acts of 2016, wholesalers making sales of \$500,000 or more per year of candy, food, and non-alcoholic beverages, including bottled soft drinks, are required to report their sales to the DOR. However, such requirement is currently set to sunset on July 1, 2019.
- The proposed legislation will extend the requirements for an additional three years.

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- Based on information provided by the DOR, the proposed requirement results in approximately \$1,000,000 in additional sales tax collections, \$710,200 of which is the state portion and \$289,800 of which is the local portion.
- Extending the requirement three years will maintain the current level of state and local sales tax collections.
- Authorizing wholesalers of candy, food, and nonalcoholic beverages to report their sales in the aggregate for each retailer location and decreasing the current fine rates, including the maximum amount of total fines, will not result in a significant impact to state revenue. The DOR reports that no such fines have been assessed in recent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb